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USWEST

Glenn Brown
Executive Director-
Public Policy

EX PARTE OR LATE FILED

August 7, 1997

EX PARTE

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

RE: CC Docket 96-45

Dear Mr. Caton:

On August 6, 1997, representatives of the Benchmark Cost Proxy Model (BCPM) and the Hatfield Model (Hatfield) met with members of the Universal Service Joint Board to discuss the two models in the context of the FCC's Further Notice of Proposed Rulemaking on proxy models. In attendance were the following individuals:

Chuck Keller	FCC
Bob Loube	FCC
Bill Sharkey	FCC
Natalie Wales	FCC
Charlie Bolle	SD PUC
Maynard Bowman	NY PSC
Roland Curry	TX PUC
Lori Kenyon	AK PUC
Sandra Makeeff	IA Utilities Board
Barry Payne	IN Office of Consumer Counsel
Brian Roberts	CA PUC
Rick Schuler	NY PSC
Tiane Sommer	GA PSC
Bill Boldinger	Sprint
Glenn Brown	U S WEST
Talmidge Cox	Sprint
Peter Copeland	U S WEST
Joe Page	BellSouth
Jerry Perry	U S WEST
Jim Stegeman	INDETEC
Rod Thompson	Sprint
Richard Chandler	Hatfield Associates
Richard Clarke	AT&T
John Donovan	Telecom Visions

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Farshid Erickson	AT&T
Chris Frentrop	MCI
Michael Lieberman	AT&T
Catherine Petzinger	AT&T
Jeff Ray	AT&T

The following information was provided by the BCPM sponsors which had not been previously provided on the record in this proceeding:

- During the last meeting of this group, the FCC Staff had indicated that because the Switching Cost Information System (SCIS) is owned by Bellcore and is not available to the public, another approach should be used to estimate switching cost in the model to comply with the criteria set out by the Joint Board. The BCPM Sponsors at this meeting requested clarification of the extent of the Commission's concern regarding the use of SCIS. In prior filings regarding the BCPM, the Sponsors had used SCIS to develop the actual investment for each switch, and the percentages of this investment which were related to the various sub-components of the switch such as line port, trunk port, processor, etc.. The BCPM Sponsors asked whether it would be acceptable to determine the total investment in the switch using data in response to question 12 of the Commission's Data Request in this proceeding released July 9, 1997, and use SCIS to break this investment down into sub-components. The result of this analysis would be a percentage factor which would be applied to the total investment to get the sub-component investment. The inputs to SCIS and the SCIS output used to derive these percentages would be fully documented on the record, and the percentages themselves would be program inputs which could be changed by the model user. The BCPM Sponsors also inquired as to how the Hatfield Model breaks down overall switch investment into the sub-categories, and whether the SCIS model was used in any way in developing their analysis.
- The BCPM Sponsors suggested that several of the suggestions which had been made to enhance the development of switching cost would have the impact of dramatically increasing the complexity of the program code. Given that the majority of high-cost customers are a result of high cost loops as opposed to high switching costs, we would suggest that a reasonable method for determining switch investment be developed, and that if additional complexity and sophistication is to be added to the models, that it be added to the customer location and outside plant cost computation portions of the model.
- In response to questions by the FCC Staff related to the differences in relative component costs between the DMS 100 and the 5E switches, we provided descriptions of the fundamentally different design architecture of the two switches which would account for the observed differences in component costs.
- In response to staff questions related to the distinction between host and remote switches, we described the various factors which could influence the placement of a host or remote switch. It was the recommendation of the BCPM Sponsors that by using data from all switch placements in 1995 and 1996 as requested in the data request, we would capture the relative investment in host and remote switches. It was stated that some of the extra expense in the host switch is really intended to serve customers in the wire center served by the remote. We stated that the investment in the "umbilical cord" connecting the host and the remote is contained in the transport portion of the model.

Please refer any questions regarding this letter to the undersigned.

Mr. William F. Caton
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In accordance with 47 C.F.R. § 1.1206(a)(1) of Commission's rules, the original of this letter and one copy are being filed with your office. Acknowledgment and date of receipt are requested. A duplicate of this letter is included for this purpose.

Sincerely,


Glenn Brown